

**THE GENERAL PROPERTY TAX ACT (EXCERPT)**  
**Act 206 of 1893**

**PERSONAL PROPERTY EXEMPTED.**

**211.9 Personal property exempt from taxation; real property; definitions.**

Sec. 9. (1) The following personal property, and real property described in subdivision (j)(i), is exempt from taxation:

(a) The personal property of charitable, educational, and scientific institutions incorporated under the laws of this state. This exemption does not apply to secret or fraternal societies, but the personal property of all charitable homes of secret or fraternal societies and nonprofit corporations that own and operate facilities for the aged and chronically ill in which the net income from the operation of the nonprofit corporations or secret or fraternal societies does not inure to the benefit of a person other than the residents is exempt.

(b) The property of all library associations, circulating libraries, libraries of reference, and reading rooms owned or supported by the public and not used for gain.

(c) The property of posts of the grand army of the republic, sons of veterans' unions, and of the women's relief corps connected with them, of young men's Christian associations, women's Christian temperance union associations, young people's Christian unions, a boy or girl scout or camp fire girls organization, 4-H clubs, and other similar associations.

(d) Pensions receivable from the United States.

(e) The property of Indians who are not citizens.

(f) The personal property owned and used by a householder such as customary furniture, fixtures, provisions, fuel, and other similar equipment, wearing apparel including personal jewelry, family pictures, school books, library books of reference, and allied items. Personal property is not exempt under this subdivision if it is used to produce income, if it is held for speculative investment, or if it constitutes an inventory of goods for sale in the regular course of trade.

(g) Household furnishings, provisions, and fuel of not more than \$5,000.00 in taxable value, of each social or professional fraternity, sorority, and student cooperative house recognized by the educational institution at which it is located.

(h) The working tools of a mechanic of not more than \$500.00 in taxable value. "Mechanic", as used in this subdivision, means a person skilled in a trade pertaining to a craft or in the construction or repair of machinery if the person's employment by others is dependent on his or her furnishing the tools.

(i) Fire engines and other implements used in extinguishing fires owned or used by an organized or independent fire company.

(j) Property actually used in agricultural operations and farm implements held for sale or resale by retail servicing dealers for use in agricultural production. As used in this subdivision, "agricultural operations" means farming in all its branches, including cultivation of the soil, growing and harvesting of an agricultural, horticultural, or floricultural commodity, dairying, raising of livestock, bees, fur-bearing animals, or poultry, turf and tree farming, raising and harvesting of fish, collecting, evaporating, and preparing maple syrup if the owner of the property has \$25,000.00 or less in annual gross wholesale sales, and any practices performed by a farmer or on a farm as an incident to, or in conjunction with, farming operations, but excluding retail sales and food processing operations. Property used in agricultural operations includes all of the following:

(i) A methane digester and a methane digester electric generating system if the person claiming the exemption complies with all of the following:

(A) After the construction of the methane digester or the methane digester electric generating system is completed, the person claiming the exemption submits to the local tax collecting unit an application for the exemption and a copy of certification from the department of agriculture that it has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program in the year immediately preceding the year in which the affidavit is submitted. Three years after an application for exemption is approved and every 3 years thereafter, the person claiming the exemption shall submit to the local tax collecting unit an affidavit attesting that the department of agriculture has verified that the farm operation on which the methane digester or methane digester electric generating system is located is in compliance with the appropriate system of the Michigan agriculture environmental assurance program. The application for the exemption under this subparagraph shall be in a form prescribed by the department of treasury and shall be provided to the person claiming the exemption by the local tax collecting unit.

(B) When the application is submitted to the local tax collecting unit, the person claiming the exemption also submits certification provided by the department of environmental quality that he or she is not currently

being investigated for a violation of part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133, that within a 3-year period immediately preceding the date the application is submitted to the local tax collecting unit, he or she has not been found guilty of a criminal violation under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133, and that within a 1-year period immediately preceding the date the application is submitted to the local tax collecting unit, he or she has not been found responsible for a civil violation that resulted in a civil fine of \$10,000.00 or more under part 31 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.3101 to 324.3133.

(C) The person claiming an exemption cooperates by allowing access for not more than 2 universities to collect information regarding the effectiveness of the methane digester and the methane digester electric generating system in generating electricity and processing animal waste and production area waste. Information collected under this sub-subparagraph shall not be provided to the public in a manner that would identify the owner of the methane digester or the methane digester electric generating system or the farm operation on which the methane digester or the methane digester electric generating system is located. The identity of the owner of the methane digester or the methane digester electric generating system and the identity of the owner and location of the farm operation on which the methane digester or the methane digester electric generating system is located are exempt from disclosure under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246. As used in this sub-subparagraph, "university" means a public 4-year institution of higher education created under article VIII of the state constitution of 1963.

(D) The person claiming the exemption ensures that the methane digester and methane digester electric generating system are operated under the specific supervision and control of persons certified by the department of agriculture as properly qualified to operate the methane digester, methane digester electric generating system, and related waste treatment and control facilities. The department of agriculture shall consult with the department of environmental quality and the Michigan state university cooperative extension service in developing the operator certification program.

(ii) A biomass gasification system. As used in this subparagraph, "biomass gasification system" means apparatus and equipment that thermally decomposes agricultural, food, or animal waste at high temperatures and in an oxygen-free or a controlled oxygen-restricted environment into a gaseous fuel and the equipment used to generate electricity or heat from the gaseous fuel or store the gaseous fuel for future generation of electricity or heat.

(iii) A thermal depolymerization system. As used in this subparagraph, "thermal depolymerization system" means apparatus and equipment that use heat to break down natural and synthetic polymers and that can accept only organic waste.

(iv) Machinery that is capable of simultaneously harvesting grain or other crops and biomass and machinery used for the purpose of harvesting biomass. As used in this subparagraph, "biomass" means crop residue used to produce energy or agricultural crops grown specifically for the production of energy.

(v) Machinery used to prepare the crop for market operated incidental to a farming operation that does not substantially alter the form, shape, or substance of the crop and is limited to cleaning, cooling, washing, pitting, grading, sizing, sorting, drying, bagging, boxing, crating, and handling if not less than 33% of the volume of the crops processed in the year ending on the applicable tax day or in at least 3 of the immediately preceding 5 years were grown by the farmer in Michigan who is the owner or user of the crop processing machinery.

(vi) Machinery used to install land tile on property exempt under section 7ee as qualified agricultural property. If machinery is used to install land tile on property other than qualified agricultural property, that machinery is exempt only to the extent that it is used to install land tile on qualified agricultural property. A person claiming an exemption under this section shall indicate the machinery's percentage of exempt use in the statement submitted under section 19. As used in this subparagraph, "land tile" means fired clay or perforated plastic tubing used as part of a subsurface drainage system for land.

(vii) Machinery used to install or implement soil and water conservation techniques on property exempt under section 7ee as qualified agricultural property. If machinery is used to install or implement soil and water conservation techniques on property other than qualified agricultural property, that machinery is exempt only to the extent that it is used to install or implement soil and water conservation techniques on qualified agricultural property. A person claiming an exemption under this section shall indicate the machinery's percentage of exempt use in the statement submitted under section 19. As used in this subparagraph, "soil and water conservation techniques" means techniques for the conservation of soil and water described in the field office technical guide published by the natural resources conservation service of the United States department of agriculture.

(k) Personal property of not more than \$500.00 in taxable value used by a householder in the operation of a

business in the householder's dwelling or at 1 other location in the city, township, or village in which the householder resides.

(l) The products, materials, or goods processed or otherwise and in whatever form, but expressly excepting alcoholic beverages, located in a public warehouse, United States customs port of entry bonded warehouse, dock, or port facility on December 31 of each year, if those products, materials, or goods are designated as in transit to destinations outside this state pursuant to the published tariffs of a railroad or common carrier by filing the freight bill covering the products, materials, or goods with the agency designated by the tariffs, entitling the shipper to transportation rate privileges. Products in a United States customs port of entry bonded warehouse that arrived from another state or a foreign country, whether awaiting shipment to another state or to a final destination within this state, are considered to be in transit and temporarily at rest, and not subject to the collection of taxes under this act. To obtain an exemption for products, materials, or goods under this subdivision, the owner shall file a sworn statement with, and in the form required by, the assessing officer of the tax district in which the warehouse, dock, or port facility is located, at a time between the tax day, December 31, and before the assessing officer closes the assessment rolls describing the products, materials, or goods, and reporting their cost and value as of December 31 of each year. The status of persons and products, materials, or goods for which an exemption is requested is determined as of December 31, which is the tax day. Any property located in a public warehouse, dock, or port facility on December 31 of each year that is exempt from taxation under this subdivision but that is not shipped outside this state pursuant to the particular tariff under which the transportation rate privilege was established shall be assessed upon the immediately succeeding or a subsequent assessment roll by the assessing officer and taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission unless the owner or person entitled to possession of the products, materials, or goods is a resident of, or authorized to do business in, this state and files with the assessing officer, with whom statements of taxable property are required to be filed, a statement under oath that the products, materials, or goods are not for sale or use in this state and will be shipped to a point or points outside this state. If a person, firm, or corporation claims exemption by filing a sworn statement, the person, firm, or corporation shall append to the statement of taxable property required to be filed in the immediately succeeding year or, if a statement of taxable property is not filed for the immediately succeeding year, to a sworn statement filed on a form required by the assessing officer, a complete list of the property for which the exemption was claimed with a statement of the manner of shipment and of the point or points to which the products, materials, or goods were shipped from the public warehouse, dock, or port facility. The assessing officer shall assess the products, materials, or goods not shipped to a point or points outside this state upon the immediately succeeding assessment roll or on a subsequent assessment roll and the products, materials, or goods shall be taxed at the same rate of taxation as other taxable property for the year or years for which the property was exempted to the owner at the time of the omission. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of tangible personal property shall be open to and available for inspection, examination, or auditing by assessing officers. A warehouse, dock, port facility, individual, partnership, corporation, owner, or person in possession of tangible personal property shall report within 90 days after shipment of products, materials, or goods in transit, for which an exemption under this section was claimed or granted, the destination of shipments or parts of shipments and the cost value of those shipments or parts of shipments to the assessing officer. A warehouse, dock, port facility, individual, partnership, corporation, or owner is subject to a fine of \$100.00 for each failure to report the destination and cost value of shipments or parts of shipments as required in this subdivision. A person, firm, individual, partnership, corporation, or owner failing to report products, materials, or goods located in a warehouse, dock, or port facility to the assessing officer is subject to a fine of \$100.00 and a penalty of 50% of the final amount of taxes found to be assessable for the year on property not reported, the assessable taxes and penalty to be spread on a subsequent assessment roll in the same manner as general taxes on personal property. For the purpose of this subdivision, a public warehouse, dock, or port facility means a warehouse, dock, or port facility owned or operated by a person, firm, or corporation engaged in the business of storing products, materials, or goods for hire for profit who issues a schedule of rates for storage of the products, materials, or goods and who issues warehouse receipts pursuant to 1909 PA 303, MCL 443.50 to 443.55. A United States customs port of entry bonded warehouse means a customs warehouse within a classification designated by 19 CFR 19.1 and that is located in a port of entry, as defined by 19 CFR 101.1. A portion of a public warehouse, United States customs port of entry bonded warehouse, dock, or port facility leased to a tenant or a portion of any premises owned or leased or operated by a consignor or consignee or an affiliate or subsidiary of the consignor or consignee is not a public warehouse, dock, or port facility.

(m) Personal property owned by a bank or trust company organized under the laws of this state, a national

banking association, or an incorporated bank holding company as defined in section 1841 of the bank holding company act of 1956, 12 USC 1841, that controls a bank, national banking association, trust company, or industrial bank subsidiary located in this state. Buildings owned by a state or national bank, trust company, or incorporated bank holding company and situated upon real property that the state or national bank, trust company, or incorporated bank holding company is not the owner of the fee are considered real property and are not exempt under this section. Personal property owned by a state or national bank, trust company, or incorporated bank holding company that is leased, loaned, or otherwise made available to and used by a private individual, association, or corporation in connection with a business conducted for profit is not exempt under this section.

(n) Farm products, processed or otherwise, the ultimate use of which is for human or animal consumption as food, except wine, beer, and other alcoholic beverages regularly placed in storage in a public warehouse, dock, or port facility while in storage are considered in transit and only temporarily at rest and are not subject to the collection of taxes under this act. The assessing officer is the determining authority as to what constitutes, is defined as, or classified as, farm products as used in this subdivision. The records, accounts, and books of warehouses, docks, or port facilities, individuals, partnerships, corporations, owners, or those in possession of farm products shall be open to and available for inspection, examination, or auditing by assessing officers.

(o) Sugar, in solid or liquid form, produced from sugar beets, dried beet pulp, and beet molasses if owned or held by processors.

(p) The personal property of a parent cooperative preschool. As used in this subdivision and section 7z, "parent cooperative preschool" means a nonprofit, nondiscriminatory educational institution maintained as a community service and administered by parents of children currently enrolled in the preschool, that provides an educational and developmental program for children younger than compulsory school age, that provides an educational program for parents, including active participation with children in preschool activities, that is directed by qualified preschool personnel, and that is licensed under 1973 PA 116, MCL 722.111 to 722.128.

(q) All equipment used exclusively in wood harvesting, but not including portable or stationary sawmills or other equipment used in secondary processing operations. As used in this subdivision, "wood harvesting" means clearing land for forest management purposes, planting trees, all forms of cutting or chipping trees, and loading trees on trucks for removal from the harvest area.

(r) Liquefied petroleum gas tanks located on residential or agricultural property used to store liquefied petroleum gas for residential or agricultural property use.

(s) Water conditioning systems used for a residential dwelling.

(t) For taxes levied after December 31, 2000, aircraft excepted from the registration provisions of the aeronautics code of the state of Michigan, 1945 PA 327, MCL 259.1 to 259.208, and all other aircraft operating under the provisions of a certificate issued under 14 CFR part 121, and all spare parts for such aircraft.

(2) As used in this section:

(a) "Biogas" means a mixture of gases composed primarily of methane and carbon dioxide.

(b) "Methane digester" means a system designed to facilitate the production, recovery, and storage of biogas from the anaerobic microbial digestion of animal or food waste.

(c) "Methane digester electric generating system" means a methane digester and the apparatus and equipment used to generate electricity or heat from biogas or to store biogas for the future generation of electricity or heat.

**History:** 1893, Act 206, Eff. June 12, 1893;—Am. 1895, Act 25, Imd. Eff. Mar. 20, 1895;—CL 1897, 3832;—Am. 1909, Act 309, Eff. Sept. 1, 1909;—CL 1915, 4003;—Am. 1921, Act 297, Eff. Aug. 18, 1921;—CL 1929, 3397;—Am. 1931, Act 94, Imd. Eff. May 11, 1931;—Am. 1934, 1st Ex. Sess., Act 10, Imd. Eff. Mar. 19, 1934;—Am. 1935, Act 83, Eff. Sept. 21, 1935;—Am. 1939, Act 232, Eff. Sept. 29, 1939;—CL 1948, 21.9;—Am. 1949, Act 261, Imd. Eff. June 7, 1949;—Am. 1952, Act 213, Imd. Eff. Apr. 30, 1952;—Am. 1953, Act 159, Eff. Oct. 2, 1953;—Am. 1956, Act 206, Eff. Aug. 11, 1956;—Am. 1958, Act 209, Eff. Sept. 13, 1958;—Am. 1964, Act 275, Eff. Aug. 28, 1964;—Am. 1966, Act 205, Imd. Eff. July 11, 1966;—Am. 1967, Act 259, Imd. Eff. July 19, 1967;—Am. 1968, Act 347, Eff. Nov. 15, 1968;—Am. 1969, Act 169, Imd. Eff. Aug. 5, 1969;—Am. 1971, Act 189, Imd. Eff. Dec. 20, 1971;—Am. 1974, Act 83, Imd. Eff. Apr. 17, 1974;—Am. 1976, Act 270, Imd. Eff. Oct. 6, 1976;—Am. 1978, Act 54, Imd. Eff. Mar. 10, 1978;—Am. 1984, Act 206, Imd. Eff. July 9, 1984;—Am. 1990, Act 317, Eff. Mar. 28, 1991;—Am. 1993, Act 273, Imd. Eff. Dec. 28, 1993;—Am. 1996, Act 582, Imd. Eff. Jan. 17, 1997;—Am. 2003, Act 140, Eff. Jan. 1, 2004;—Am. 2006, Act 550, Imd. Eff. Dec. 29, 2006;—Am. 2008, Act 334, Imd. Eff. Dec. 23, 2008;—Am. 2008, Act 337, Imd. Eff. Dec. 23, 2008;—Am. 2011, Act 289, Imd. Eff. Dec. 21, 2011;—Am. 2011, Act 290, Imd. Eff. Dec. 21, 2011.

**Compiler's note:** Enacting section 2 of Act 140 of 2003 provides:

"Enacting section 2. Section 9 (t) of the general property tax act, 1893 PA 206, MCL 211.9, as added by this amendatory act is retroactive and is effective for taxes levied after December 31, 2000."

For transfer of powers and duties of department of environmental quality to department of natural resources and environment, see Rendered Thursday, December 20, 2012

**Popular name:** Act 206

### **211.9a Repealed. 1985, Act 147, Imd. Eff. Nov. 12, 1985.**

**Compiler's note:** The repealed section pertained to tax exemption for motor vehicles in stock.

**Popular name:** Act 206

### **211.9b Special tool; exemption from taxation; definitions.**

Sec. 9b. (1) A special tool is exempt from the collection of taxes under this act.

(2) The statement required under section 19 may provide for a separate line for providing the aggregate total original cost of excluded exempt special tools.

(3) As used in this section:

(a) "Product" means an item of tangible property that is directly created or produced through the manufacturing process. A product may be any of the following items:

(i) A part.

(ii) A special tool.

(iii) A component.

(iv) A sub-assembly.

(v) Completed goods that are available for sale or lease in wholesale or retail trade.

(b) "Special tool" means a finished or unfinished device such as a die, jig, fixture, mold, pattern, special gauge, or similar device, that is used, or is being prepared for use, to manufacture a product and that cannot be used to manufacture another product without substantial modification of the device. The length of the economic life of the product manufactured shall not be considered in making a determination whether a device used to manufacture that product is a special tool. Special tools do not include the following:

(i) A device that differs in character from dies, jigs, fixtures, molds, patterns, or special gauges.

(ii) Standard tools.

(iii) Machinery or equipment, even if customized, and even if used in conjunction with special tools.

(c) "Standard tool" means a die, jig, fixture, mold, pattern, gauge, or other tool that is not a special tool. Standard tool does not include machinery or equipment, even if customized, and even if used in conjunction with special tools or standard tools.

**History:** Add. 1964, Act 197, Eff. Jan. 1, 1965;—Am. 1994, Act 189, Imd. Eff. June 21, 1994;—Am. 2003, Act 274, Imd. Eff. Jan. 8, 2004;—Am. 2004, Act 4, Eff. Dec. 31, 2003.

**Compiler's note:** Enacting section 1 of Act 4 of 2004 provides:

"Enacting section 1. This amendatory act is retroactive and is effective December 31, 2003."

**Popular name:** Act 206

**Administrative rules:** R 209.1 et seq. of the Michigan Administrative Code.

### **211.9c Exemption of personal property from tax collection; "heavy earth moving equipment" and "inventory" defined.**

Sec. 9c. (1) Personal property that is inventory is exempt from the collection of taxes under this act.

(2) As used in this section:

(a) "Heavy earth moving equipment" means industrial construction equipment that meets all of the following criteria:

(i) Is self-propelled.

(ii) Weighs 10,000 pounds or more.

(iii) Is designed and principally intended to move, transport, or reconfigure dirt, earth, soil, or other construction material at a construction site.

(b) "Inventory" means 1 of the following:

(i) The stock of goods held for resale in the regular course of trade of a retail or wholesale business.

(ii) Finished goods, goods in process, and raw materials of a manufacturing business.

(iii) Materials and supplies, including repair parts and fuel.

(iv) On and after December 31, 2000, heavy earth moving equipment subject to 1 or more lease agreements with the same person totaling not more than 1 year and principally intended for sale rather than lease. A lease agreement used to support this exemption shall be made available to the assessor on request and shall be considered confidential information to be used for assessment purposes only.

(3) Inventory does not include the following:

(a) Before December 31, 2000, any of the following:

(i) Personal property under lease or principally intended for lease rather than sale.



(ii) Personal property allowed a deduction or allowance for depreciation or depletion under the internal revenue code of 1986.

(b) On and after December 31, 2000, any of the following:

(i) Personal property, other than heavy earth moving equipment, under lease or principally intended for lease rather than sale.

(ii) Heavy earth moving equipment subject to 1 or more lease agreements with the same person totaling more than 1 year or principally intended for lease rather than sale.

(iii) Personal property for which a deduction or allowance for depreciation, depletion, or amortization is allowed or has been taken under the internal revenue code of 1986.

**History:** Add. 1975, Act 234, Imd. Eff. Aug. 27, 1975;—Am. 2000, Act 317, Imd. Eff. Oct. 24, 2000.

**Popular name:** Act 206

#### **211.9d Computer software exempt from taxation; construction of section; “computer software” defined.**

Sec. 9d. (1) Computer software is exempt from taxation under this act unless either of the following is true:

(a) The software is incorporated as a permanent component of a computer, machine, piece of equipment, or device, or of real property, and the software is not commonly available separately.

(b) The cost of the software is included as part of the cost of a computer, machine, piece of equipment, or device, or of the cost of real property on the books or records of the taxpayer.

(2) This section shall not be construed to affect the value of a machine, device, piece of equipment, or computer, or the value of real property, or to affect the taxable status of any other property subject to tax under this act.

(3) As used in this section, “computer software” means a set of statements or instructions that when incorporated in a machine-usable medium is capable of causing a machine or device having information processing capabilities to indicate, perform, or achieve a particular function, task, or result.

**History:** Add. 1990, Act 286, Imd. Eff. Dec. 14, 1990.

**Popular name:** Act 206

#### **211.9e Intangible personal property exempt from taxes collected; effect of section on taxable status of computer software.**

Sec. 9e. Intangible personal property is exempt from the collection of taxes under this act. This section does not affect the taxable status of computer software under section 9d.

**History:** Add. 1995, Act 9, Eff. Mar. 30, 1995.

**Popular name:** Act 206

#### **211.9f Personal property of business; resolution; tax exemption; hearing; duration of exemption; approval or disapproval of resolution; continuation of exemption; adoption of resolution by Michigan development corporation; written agreement; definitions.**

Sec. 9f. (1) The governing body of an eligible local assessing district or, subject to subsection (4), the board of a next Michigan development corporation in which an eligible local assessing district is a constituent member may adopt a resolution to exempt from the collection of taxes under this act all new personal property owned or leased by an eligible business located in 1 or more eligible districts or distressed parcels designated in the resolution or an eligible next Michigan business as provided in this section. The clerk of the eligible local assessing district or the recording officer of a next Michigan development corporation shall notify in writing the assessor of the local tax collecting unit in which the eligible district or distressed parcel is located and the legislative body of each taxing unit that levies ad valorem property taxes in the eligible local assessing district in which the eligible district or distressed parcel is located. Before acting on the resolution, the governing body of the eligible local assessing district or a next Michigan development corporation shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing.

(2) The exemption under this section is effective on the December 31 immediately succeeding the adoption of the resolution by the governing body of the eligible local assessing district or a next Michigan development corporation and shall continue in effect for a period specified in the resolution. However, an exemption shall not be granted under this section after December 31, 2012 for an eligible business located in an eligible district identified in subsection (8)(e)(ix) or in an eligible local assessing district identified in subsection (8)(g)(ii). A copy of the resolution shall be filed with the state tax commission, the state treasurer, and the president of the Michigan strategic fund. A resolution is not effective unless approved as provided in subsection (3).

(3) Not more than 60 days after receipt of a copy of the resolution adopted by the governing body of an

eligible local assessing district under subsection (1), the state tax commission shall determine if the new personal property subject to the exemption is owned or leased by an eligible business and if the eligible business is located in 1 or more eligible districts. If the state tax commission determines that the new personal property subject to the exemption is owned or leased by an eligible business and that the eligible business is located in 1 or more eligible districts, the state treasurer, with the written concurrence of the president of the Michigan strategic fund, shall approve the resolution adopted under subsection (1) if the state treasurer and the president of the Michigan strategic fund determine that exempting new personal property of the eligible business is necessary to reduce unemployment, promote economic growth, and increase capital investment in this state. In addition, for an eligible business located in an eligible local assessing district described in subsection (8)(g)(ii), the resolution adopted under subsection (1) shall be approved if the state treasurer and the president of the Michigan strategic fund determine that granting the exemption is a net benefit to this state, that expansion, retention, or location of an eligible business will not occur in this state without this exemption, and that there is no significant negative effect on employment in other parts of this state as a result of the exemption.

(4) A next Michigan development corporation may only adopt a resolution under subsection (1) exempting new personal property from the collection of taxes under this act for new personal property located in a next Michigan development district. A next Michigan development corporation shall not adopt a resolution under subsection (1) exempting new personal property from the collection of taxes under this act without a written agreement entered into with the eligible next Michigan business subject to the exemption, which written agreement contains a remedy provision that includes, but is not limited to, all of the following:

(a) A requirement that the exemption under this section is revoked if the eligible next Michigan business is determined to be in violation of the provisions of the written agreement.

(b) A requirement that the eligible next Michigan business may be required to repay all or part of the personal property taxes exempted under this section if the eligible next Michigan business is determined to be in violation of the provisions of the written agreement.

(5) Subject to subsection (6), if an existing eligible business sells or leases new personal property exempt under this section to an acquiring eligible business, the exemption granted to the existing eligible business shall continue in effect for the period specified in the resolution adopted under subsection (1) for the new personal property purchased or leased from the existing eligible business by the acquiring eligible business and for any new personal property purchased or leased by the acquiring eligible business.

(6) After December 31, 2007, an exemption for an existing eligible business shall continue in effect for an acquiring eligible business under subsection (5) only if the continuation of the exemption is approved in a resolution adopted by the governing body of an eligible local assessing district or the board of a next Michigan development corporation in which the eligible local assessing district is a constituent member.

(7) Notwithstanding the amendatory act that added section 2(1)(c), all of the following shall apply to an exemption under this section that was approved by the state tax commission on or before April 30, 1999, regardless of the effective date of the exemption:

(a) The exemption shall be continued for the term authorized by the resolution adopted by the governing body of the eligible local assessing district and approved by the state tax commission with respect to buildings and improvements constructed on leased real property during the term of the exemption if the value of the real property is not assessed to the owner of the buildings and improvements.

(b) The exemption shall not be impaired or restricted with respect to buildings and improvements constructed on leased real property during the term of the exemption if the value of the real property is not assessed to the owner of the buildings and improvements.

(8) As used in this section:

(a) "Acquiring eligible business" means an eligible business that purchases or leases assets of an existing eligible business, including the purchase or lease of new personal property exempt under this section, and that will conduct business operations similar to those of the existing eligible business at the location of the existing eligible business within the eligible district.

(b) "Authorized business" means that term as defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803.

(c) "Distressed parcel" means a parcel of real property located in a city or village that meets all of the following conditions:

(i) Is located in a qualified downtown revitalization district. As used in this subparagraph, "qualified downtown revitalization district" means an area located within 1 or more of the following:

(A) The boundaries of a downtown district as defined in section 1 of 1975 PA 197, MCL 125.1651.

(B) The boundaries of a principal shopping district or a business improvement district as defined in section 1 of 1961 PA 120, MCL 125.981.

(C) The boundaries of the local governmental unit in an area that is zoned and primarily used for business as determined by the local governmental unit.

(ii) Meets 1 of the following conditions:

(A) Has a blighted or functionally obsolete building located on the parcel. As used in this sub-subparagraph, "blighted" and "functionally obsolete" mean those terms as defined in section 2 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652.

(B) Is a vacant parcel that had been previously occupied.

(iii) Is zoned to allow for mixed use.

(d) "Eligible business" means, effective August 7, 1998, a business engaged primarily in manufacturing, mining, research and development, wholesale trade, office operations, or the operation of a facility for which the business that owns or operates the facility is an eligible taxpayer. For purposes of a next Michigan development corporation, eligible business means only an eligible next Michigan business. Eligible business does not include a casino, retail establishment, professional sports stadium, or that portion of an eligible business used exclusively for retail sales. Professional sports stadium does not include a sports stadium in existence on June 6, 2000 that is not used by a professional sports team on the date of the resolution adopted pursuant to subsection (1). As used in this subdivision, "casino" means a casino regulated by this state pursuant to the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to 432.226, and all property associated or affiliated with the operation of a casino, including, but not limited to, a parking lot, hotel, motel, or retail store.

(e) "Eligible district" means 1 or more of the following:

(i) An industrial development district as that term is defined in 1974 PA 198, MCL 207.551 to 207.572.

(ii) A renaissance zone as that term is defined in the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.

(iii) An enterprise zone as that term is defined in the enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123.

(iv) A brownfield redevelopment zone as that term is designated under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672.

(v) An empowerment zone designated under subchapter U of chapter 1 of the internal revenue code of 1986, 26 USC 1391 to 1397F.

(vi) An authority district or a development area as those terms are defined in the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

(vii) An authority district as that term is defined in the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(viii) A downtown district or a development area as those terms are defined in 1975 PA 197, MCL 125.1651 to 125.1681.

(ix) An area that contains an eligible taxpayer.

(x) A next Michigan development district.

(f) "Eligible distressed area" means 1 of the following:

(i) That term as defined in section 11 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1411.

(ii) An area that contains an eligible taxpayer.

(g) "Eligible local assessing district" means a city, village, or township that contains an eligible distressed area or that is a party to an intergovernmental agreement creating a next Michigan development corporation, or a city, village, or township that meets 1 or more of the following conditions and is located in a county all or a portion of which borders another state or Canada:

(i) Is currently served by not fewer than 4 of the following existing services:

(A) Water.

(B) Sewer.

(C) Police.

(D) Fire.

(E) Trash.

(F) Recycling.

(ii) Is party to an agreement under 1984 PA 425, MCL 124.21 to 124.30, with a city, village, or township that provides not fewer than 4 of the following existing services:

(A) Water.

(B) Sewer.

(C) Police.

(D) Fire.



(E) Trash.

(F) Recycling.

(h) "Eligible next Michigan business" means that term as defined in section 3 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.803

(i) "Eligible taxpayer" means a taxpayer that meets both of the following conditions:

(i) Is an authorized business.

(ii) Is eligible for tax credits described in section 9 of the Michigan economic growth authority act, 1995 PA 24, MCL 207.809.

(j) "Existing eligible business" means an eligible business identified in a resolution adopted under subsection (1) for which an exemption has been granted under this section.

(k) "New personal property" means personal property that was not previously subject to tax under this act or was not previously placed in service in this state and that is placed in an eligible district after a resolution under subsection (1) is approved. As used in this subdivision, for exemptions approved by the state treasurer under subsection (3) after April 30, 1999, new personal property does not include buildings described in section 14(6) and personal property described in section 8(h), (i), and (j).

(l) "Next Michigan development corporation" and "next Michigan development district" mean those terms as defined under the next Michigan development act.

**History:** Add. 1998, Act 328, Imd. Eff. Aug. 7, 1998;—Am. 1999, Act 20, Imd. Eff. Apr. 30, 1999;—Am. 2000, Act 415, Imd. Eff. Jan. 8, 2001;—Am. 2004, Act 79, Imd. Eff. Apr. 21, 2004;—Am. 2007, Act 115, Imd. Eff. Oct. 30, 2007;—Am. 2007, Act 116, Imd. Eff. Oct. 30, 2007;—Am. 2008, Act 230, Imd. Eff. July 17, 2008;—Am. 2008, Act 285, Imd. Eff. Sept. 29, 2008;—Am. 2008, Act 573, Imd. Eff. Jan. 16, 2009;—Am. 2010, Act 249, Eff. Dec. 21, 2010;—Am. 2010, Act 274, Imd. Eff. Dec. 15, 2010.

**Popular name:** Act 206

**Compiler's note:** For transfer of Michigan strategic fund from department of management and budget to department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

### **211.9g Area designated as rural enterprise community; exemption of personal property that is component part of natural gas distribution system.**

Sec. 9g. Beginning December 30, 1998 until December 30, 2018, personal property located in an area designated as a rural enterprise community as of the effective date of the amendatory act that added this section under title XIII of the omnibus budget reconciliation act of 1993, Public Law 103-66, 107 Stat. 416, that is a component part of a natural gas distribution system is exempt from the collection of taxes under this act.

**History:** Add. 1998, Act 468, Imd. Eff. Jan. 4, 1999.

**Popular name:** Act 206

### **211.9g[1] Leased bottled water coolers; exemption.**

Sec. 9g. Bottled water coolers available for lease or subject to an existing lease are exempt from the collection of taxes under this act.

**History:** Add. 1998, Act 471, Imd. Eff. Jan. 4, 1999.

**Compiler's note:** Section 9g, as added by Act 471 of 1998, was compiled as MCL 211.9g[1] to distinguish it from another section 9g, deriving from Act 468 of 1998 and pertaining to areas designated as rural enterprise communities.

**Popular name:** Act 206

### **211.9i Alternative energy personal property; exemption from tax.**

Sec. 9i. (1) Alternative energy personal property is exempt from the collection of taxes under this act as provided in this section.

(2) If the Michigan next energy authority certifies alternative energy personal property as eligible for the exemption under this section as provided in the Michigan next energy authority act, the Michigan next energy authority shall forward a copy of that certification to all of the following:

(a) The secretary of the local school district in which the alternative energy personal property is located.

(b) The treasurer of the local tax collecting unit in which the alternative energy personal property is located.

(3) Within 60 days after receipt of the certification of alternative energy personal property under subsection (2), the school board for the local school district in which the alternative energy personal property is located, with the written concurrence of the superintendent of the local school district, may adopt a resolution to not exempt that alternative energy personal property from a tax levied in that local school district under section 1212 of the revised school code, 1976 PA 451, MCL 380.1212, or a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness. If a resolution

is adopted under this subsection, a copy of the resolution shall be forwarded to the Michigan next energy authority, to the treasurer of the local tax collecting unit, and to the state treasurer. If a resolution is not adopted under this subsection, that alternative energy personal property is exempt from a tax levied in that local school district under section 1212 of the revised school code, 1976 PA 451, MCL 380.1212, or a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness, for the period provided in subsection (5).

(4) Within 60 days after receipt of the certification of alternative energy personal property under subsection (2), the governing body of the local tax collecting unit in which the alternative energy personal property is located may adopt a resolution to not exempt that alternative energy personal property from the taxes collected in that local tax collecting unit, except taxes collected under sections 1211 and 1212 of the revised school code, 1976 PA 451, MCL 380.1211 and 380.1212, a tax levied under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852, to retire outstanding bonded indebtedness, or the tax levied by this state under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906. The clerk of the local tax collecting unit shall notify in writing the assessor of the local tax collecting unit in which the alternative energy personal property is located and the legislative body of each taxing unit that levies ad valorem property taxes in that local tax collecting unit in which the alternative energy personal property is located. Notice of the meeting at which the resolution will be considered shall be provided as required under the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Before acting on the resolution, the governing body of the local tax collecting unit shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing. If a resolution is adopted under this subsection, a copy of the resolution shall be forwarded to the Michigan next energy authority and to the state treasurer. If a resolution is not adopted under this subsection, that alternative energy personal property is exempt from the taxes collected in that local tax collecting unit for the period provided in subsection (5), except as otherwise provided in this section.

(5) The exemption under this section applies to taxes levied after December 31, 2002 and before January 1, 2013.

(6) As used in this section:

(a) "Alternative energy personal property" means all of the following:

(i) An alternative energy system.

(ii) An alternative energy vehicle.

(iii) All personal property of an alternative energy technology business.

(iv) The personal property of a business that is not an alternative energy technology business that is used solely for the purpose of researching, developing, or manufacturing an alternative energy technology.

(b) "Alternative energy system", "alternative energy vehicle", "alternative energy technology", and "alternative energy technology business" mean those terms as defined in the Michigan next energy authority act.

**History:** Add. 2002, Act 549, Imd. Eff. July 26, 2002.

**Popular name:** Act 206

## **211.9j Tax exemption for property used by qualified high-technology business in innovations center.**

Sec. 9j. (1) For taxes levied after December 31, 2004, upon application for an exemption under this section by the administration of an innovations center, the governing body of a local tax collecting unit may adopt a resolution to exempt from the collection of taxes under this act all personal property that is owned or used by any qualified high-technology business located in that innovations center and all personal property that is owned or used by the administration of that innovations center. The clerk of the local tax collecting unit shall notify in writing the assessor of the local tax collecting unit and the legislative body of each taxing unit that levies ad valorem property taxes in the local tax collecting unit. Before acting on the resolution, the governing body of the local tax collecting unit shall afford the assessor and a representative of the affected taxing units an opportunity for a hearing. A copy of the resolution shall be filed with the state tax commission. The application for exemption under this section shall be in a form prescribed by the state tax commission.

(2) The administration of an innovations center may claim the exemption under subsection (1) by filing an affidavit claiming the exemption with the assessor of the local tax collecting unit. The affidavit shall be in a form prescribed by the state tax commission.

(3) As used in this section:

(a) "Certified technology park" means that term as defined in section 2 of the local development financing act, 1986 PA 281, MCL 125.2152.

(b) "High-technology activity" means 1 or more of the following:

(i) Advanced computing, which is any technology used in the design and development of any of the

following:

- (A) Computer hardware and software.
- (B) Data communications.
- (C) Information technologies.
- (ii) Advanced materials, which are materials with engineered properties created through the development of specialized process and synthesis technology.
- (iii) Biotechnology, which is any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product, improve plants or animals, or develop microorganisms for useful purposes. Biotechnology does not include human cloning as defined in section 16274 of the public health code, 1978 PA 368, MCL 333.16274, or stem cell research with embryonic tissue.
- (iv) Electronic device technology, which is any technology that involves microelectronics, semiconductors, electronic equipment, and instrumentation, radio frequency, microwave, and millimeter electronics, and optical and optic-electrical devices, or data and digital communications and imaging devices.
- (v) Engineering or laboratory testing related to the development of a product.
- (vi) Technology that assists in the assessment or prevention of threats or damage to human health or the environment, including, but not limited to, environmental cleanup technology, pollution prevention technology, or development of alternative energy sources.
- (vii) Medical device technology, which is any technology that involves medical equipment or products other than a pharmaceutical product that has therapeutic or diagnostic value and is regulated.
- (viii) Life science technology, which is any technology that has a medical diagnostic or treatment value, including, but not limited to, pharmaceutical products.
- (ix) Product research and development.
- (c) "Innovations center" means real property that meets all of the following conditions:
  - (i) Is a business incubator as that term is defined in section 2 of the local development financing act, 1986 PA 281, MCL 125.2152.
  - (ii) Is located within a single building.
  - (iii) Is primarily used to provide space and administrative assistance to 1 or more qualified high-technology businesses located within the building.
- (d) "Qualified high-technology business" means a business that is either of the following:
  - (i) A business with not less than 25% of the total operating expenses of the business used for research and development as determined under generally accepted accounting principles.
  - (ii) A business whose primary business activity is high-technology activity.

**History:** Add. 2004, Act 244, Imd. Eff. July 23, 2004.

**Popular name:** Act 206

## **211.9k Industrial personal property or commercial personal property; tax exemption.**

Sec. 9k. For taxes levied after December 31, 2007, personal property classified under section 34c as industrial personal property or commercial personal property is exempt from the tax levied by a local school district for school operating purposes to the extent provided under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211. For taxes levied after December 31, 2007, personal property classified under section 34c as industrial personal property is exempt from the tax levied under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, as provided in section 3 of the state education tax act, 1993 PA 331, MCL 211.903.

**History:** Add. 2007, Act 40, Imd. Eff. July 12, 2007.

**Compiler's note:** Enacting section 1 of Act 40 of 2007 provides:

"Enacting section 1. It is the intent of the legislature to address potential revenue shortfalls for the payment of tax increment financing obligations that may result from the exemptions provided by this amendatory act and to evaluate the impact of this exemption on tax increment financing projects in the future."

**Popular name:** Act 206